(b) if so, whether SEBI has sought a clarification from Government in this regard;

(c) whether such investment should be construed as foreign direct investment or foreign institutional investment to remove ambiguity in the rules; and

(d) if so, what is Government's policy in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Securities and Exchange Board of India (SEBI) has informed that there has been one instance of such takeover.

(b) SEBI had desired to know if the takeover of Indian companies under the automatic route meets with the intent of Government while rationalizing the FDI policy.

(c) and (d) There is no ambiguity in the rules. Such investments for takeovers under the automatic route are considered as FDI.

Deployment of foreign capital in agriculture sector

1562. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that FEMA does not permit deployment of foreign capital in agriculture and agricultural farms;

(b) if so, whether it is a fact that Deptt. of Industrial Policy and Promotion is considering a proposal for allowing overseas Indians to buy farm-houses and plantations on small scale;

(c) if so, the details thereof; and

(d) whether the proposal is fraught with serious consequences of social, legal and economic nature?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Foreign Direct Investment in agriculture (excluding floriculture, horticulture, development of seeds, animal husbandry, pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and allied sectors) and Plantation (other than tea plantation subject to divestment of 26% equity in favour of

Indian partner/Indian public within 5 years and prior approval of State Government concerned in case of any future land use change) is prohibited.

(b) There is no proposal for allowing overseas Indians to buy farm-houses and plantations on small scale.

(c) and (d) DC not arise.

Changes in Banking Regulation Act, 1949

1563. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that management committee of Indian Banks Association has formed a panel to have a hard look at the Banking Regulation Act, 1949 to see the changes needed in the Act including issues relating to voting rights, etc.;

(b) if so, the details thereof and the reasons therefor; and

(c) what is Government's reaction on such a move?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. The Managing Committee of the Indian Banks' Association at its meeting held on 22.09.2006 had decided to constitute a Working Group for comprehensive review of the Banking Regulation Act, 1949. The object is to make suggestions for any modifications required to suit the needs and requirements of the banking industry in the context of the reform process under way in the financial market.

Voting rights for shareholders in Banks

1564. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are considering to increase voting rights from 10 per cent to 26 per cent to private investors in private banks irrespective of their shareholdings;